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NEWS RELEASE

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CITY ATTORNEY INVESTIGATIVE REPORT CONFIRMS INAPPROPRIATE USE OF STATE PARK GRANTS TO FUND MID-CITY COMMUNITY STREET

San Diego, CA: To gain public support and funds to build a road for development in City Heights, District Seven Councilmember Jim Madaffer used his position to pressure City staff to circumvent the public process and obtain park funds for a non-park project, according to the City Attorney's investigative report #14 on the proposed Fox Canyon Park and extension of Ontario Avenue.

As a result of these acts the City (1) expended over \$400,000 and almost four years on a project intended for property that the City never owned, (2) failed to mention the road when applying for a State of California Park grant and adequately study it in environmental documents, (3) appropriated \$800,000 for the purchase of a property valued at \$340,000 to \$425,000 and which was ultimately appraised at \$52,000, and (4) used a significant portion of allocated park funds on the design of a road.

The proposed 1.9 acre Fox Canyon parcel is located east of Euclid Avenue, west of Altadena Drive and south of University Avenue located in the Mid-City Community of City Heights.

According to the investigative report, in 2004 the City applied for a California State Grant for the acquisition and development of Fox Canyon Park. Subsequently, the public discovered that the park project was made as an additional component to a road project which had been envisioned years earlier. The project was brought to a halt when Park and Recreation Board members raised questions regarding funding for the road.

Report Executive Summary:

- Beginning by at least the year 2000, City Staff began expending time and money on the potential extension of Ontario Avenue in San Diego's City Heights Neighborhood.
- No Resolution of the San Diego City Council has even authorized the road extension or funded its construction, yet it has been actively pursued by City Staff for almost 5 years.

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- In 2002, Councilmember Jim Madaffer proposed construction of a neighborhood park on land owned by Larry Zajonc and Janice Smith. The Zajonc/Smith Property, not coincidentally, was the property that would have to be acquired to construct the extension of Ontario Avenue.
- In May 2002 the City's Real Estate Assets Department [READ] sent Councilmember Madaffer a valuation for a vacant portion of the Zajonc/Smith property that would have to be acquired to extend the road and construct the park. This internal valuation provided a low estimate of \$340,000 and a high estimate of \$425,000.
- On January 15, 2004 the City submitted an application to the State of California for a \$2.3 million grant to fund the park. Two days earlier, Councilmember Madaffer, joined by Councilmembers Lewis and Atkins, asked City Manager Michael Uberuaga to designate \$800,000 from the Mid City Park Development Fund to acquire a portion of the Zajonc/Smith property, almost twice the City's 2002 internal valuation. The State was also told \$800,000 would be expended on the acquisition of the property.
- The City failed to tell the State of a planned extension of Ontario Avenue and also failed to include an adequate analysis of the road in environmental documents. These failures occurred although Councilman Madaffer has been adamant in stating, "The road came first, the park followed."
- The City never offered the \$800,000 in appropriated park fees to Zajonc/Smith. The highest offer ever made to Zajonc/Smith was \$475,000.
- After appropriating \$800,000 of park funds for the park, at least \$161,000 of the funds were utilized for the review and design of the Ontario Road extension. In addition, on multiple occasions Councilmember Madaffer or staff sought additional park funds for costs associated with the road extension, an extension never authorized by Council Action.
- By ordinance, the Mid City Park Development Fund can be used only for park and recreation purposes. Also, the State Park Grant and matching funds must only be used for purposes shown in the grant application. These funds could not be used on the road extension, yet they were.

To view a copy of the report, visit www.sandiegocityattorney.org, "Interim Investigative Reports."

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